

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0009

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes, 1997)

Docket No. R97-1

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS RICHARD PATELUNAS
(OCA/USPS-T15-5-13)
September 8, 1997

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA interrogatories 1-7 to the United States Postal Service dated July 16, 1997, are hereby incorporated by reference.

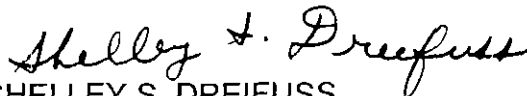
Respectfully submitted,



GAIL WILLETTE

Director

Office of the Consumer Advocate



SHELLEY S. DREIFUSS

Attorney

OCA/USPS-T15-5. Please refer to USPS-T-15, W/P G, Table D, and the table below showing the development of the FY 98 TYAR accrued and attributable Space Support costs for post office boxes.

FY98 TYAR ACCRUED AND ATTRIBUTABLE SPACE
SUPPORT COSTS 1/

COST SEGMENT AND COMPONENT	TOTAL ACCRUED (\$1,000)	ATTRIBUTABLE TO POST OFFICE BOXES (\$1,000)
	[1]	[2]
C/S 11.1.1 Cleaning and Protection	\$802,065	\$70,696
C/S 11.1.2 Contract Cleaners	\$53,401	\$4,707
C/S 11.3 Plant & Building Equipment Maintenance	\$389,346	\$34,318
C/S 15.2 Building Occupancy, Fuel and Utilities	\$428,502	\$37,769
C/S 16.3.1 Custodial & Building	\$1,407,999	\$124,105
C/S 18.1.2 Postal Inspection Service	\$360,277	\$7,226
TOTAL SPACE SUPPORT	\$3,441,590	\$278,821

Notes and Sources

1/ USPS-T-15, WP G, Table D, for the cost segments listed.

- a. Please confirm that the figures in column [1] are correct. If you do not confirm, please explain and provide the correct figures. Please show all calculations and provide citations to any figures used.
- b. Please confirm that the figures in column [2] are correct. If you do not confirm, please explain and provide the correct figures. Please show all calculations and provide citations to any figures used.

- c. Please confirm that the "Notes and Sources" are correct. If you do not confirm, please explain.

OCA/USPS-T15-6. Please refer to USPS-T-15, W/P G, Table D, and the table below showing the development of the FY 98 TYAR accrued and attributable Space Provision costs for post office boxes.

FY98 TYAR ACCRUED AND ATTRIBUTABLE SPACE
PROVISION COSTS 1/

COST SEGMENT AND COMPONENT	TOTAL ACCRUED (\$1,000)	ATTRIBUTABLE TO POST OFFICE BOXES (\$1,000)
	[1]	[2]
C/S 15.1 Building Occupancy, Rents	\$688,501	\$111,071
C/S 20.3 Bldg & Leasehold Depreciation	\$581,680	\$93,838
C/S 20.5 Interest Expense - Bldg & Leasehold (Component 215)	\$306,214	\$14,930
TOTAL SPACE PROVISION	\$1,576,395	\$219,839

Notes and Sources

1/ USPS-T-15, WP G, Table D, for the cost segments listed, except C/S 20.5 Interest Expense, see Table C, at 32.

- a. Please confirm that the figures in column [1] are correct. If you do not confirm, please explain and provide the correct figures. Please show all calculations and provide citations to any figures used.
- b. Please confirm that the figures in column [2] are correct. If you do not confirm, please explain and provide the correct figures. Please show all calculations and provide citations to any figures used.

- c. Please confirm that the "Notes and Sources" are correct. If you do not confirm, please explain.

OCA/USPS-T15-7. Please refer to USPS-T-15, W/P G, Tables C and D, and the table below showing the development of the FY 98 TYAR accrued and attributable All Other costs for post office boxes.

DETAIL FOR "ALL OTHER" CATEGORY
TYAR 98

COST SEGMENT	ACCRUED COSTS (\$1,000) [1]	ATTRIBUTABLE TO PO BOXES (\$1,000) [2]
C/S 1	\$1,712,615 1/	\$2,721 1/
C/S 2	\$3,517,945 1/	\$6,465 1/
C/S 3	\$17,759,605 1/	\$61,217 1/
C/S 4	\$10,073 1/	\$0
C/S 6&7	\$11,960,532 1/	\$302 1/
C/S 8	\$448,972 1/	\$0
C/S 9	\$114,111 2/	\$0
C/S 10	\$3,721,604 2/	\$0
C/S 11	\$1,070,905 3/	\$0
C/S 12	\$647,994 2/	\$0
C/S 13	\$291,625 2/	\$0
C/S 14	\$4,326,522 2/	\$0
C/S 15	\$423,682 4/	\$0
C/S 16	\$2,123,396 5/	\$0
C/S 17	\$57,201 6/	\$0
C/S 18	\$4,235,424 7/	\$13,625 8/
C/S 19	\$38,973 9/	\$0
C/S 20	\$3,210,957 10/	\$6,959 11/
SUBTOTAL	<u>\$55,672,136</u>	<u>\$91,289</u>
TOTAL ALL C/S	\$60,690,121 12/	

NOTES AND SOURCES

- 1/ USPS-T-15, WP G, Table D, at 2.
- 2/ USPS-T-15, WP G, Table D, at 4.
- 3/ USPS-T-15, WP G, Table D, at 36.
- 4/ USPS-T-15, WP G, Table D, at 48.
- 5/ $\$2,123,396 = \$3,531,395 - \$140,799$
USPS-T-15, WP G, Table D, at 52 & 54.
- 6/ USPS-T-15, WP G, Table D, at 6.
- 7/ $\$4,235,424 = \$4,595,701 - \$360,277$
USPS-T-15, WP G, Table D, at 56 & 64.
- 8/ $\$13,625 = \$20,851 - \$7,226$
USPS-T-15, WP G, Table D, at 56 & 64.
- 9/ USPS-T-15, WP G, Table D, at 8.
- 10/ $\$3,210,957 = \$4,098,851 - (\$581,680 + \$360,214)$
USPS-T-15, WP G, Table C, at 32, and Table D, at 66 & 68.
- 11/ USPS-T-15, WP G Table C, at 32.
- 12/ USPS-T-15, WP G, Table D, at 8.

- a. Please confirm that the figures in column [1] are correct. If you do not confirm, please explain and provide the correct figures. Please show all calculations and provide citations to any figures used.
- b. Please confirm that the figures in column [2] are correct. If you do not confirm, please explain and provide the correct figures. Please show all calculations and provide citations to any figures used.
- c. Please refer to the "Notes and Sources." Please confirm that the citations, and calculation of figures based upon those citations, in the "Notes and Sources" accompanying the table above are correct. If you do not confirm, please explain and provide the correct citations and figures. Please show all calculations and provide citations to any figures used.

OCA/USPS-T15-8. Please refer to USPS-T-15, W/P G, Table D.

- a. Please confirm that total TYAR attributable costs for post office boxes are \$589,953,000. If you do not confirm, please explain.
- b. Please confirm that the sum of TYAR attributable Space Support and Space Provision, and the total of All Other costs, is \$589,949,000 (\$278,821,000 + \$219,839,000 + \$91,289,000). If you do not confirm, please explain.
- c. Please show the derivation of, and reconcile any discrepancies between, the TYAR attributable costs for post office boxes of \$589,953,000, referred to in part a. above, and the sum of Space Support, Space Provision and All Other costs referred to in part b. above. Please show all calculations and provide citations to any figures used.

OCA/USPS-T15-9. Please refer to your response to OCA/USPS-T24-60 (redirected to you), and Appendix B of your testimony (USPS-T-5) in Docket No. MC96-3. In Appendix B, lines 10-14, you state

Additionally, it was assumed that there would be no change in the space and rental related costs associated with the decrease in Post Office Boxes in use because these costs would not respond immediately in the test year, but rather, they would respond at some time after the test year.

- a. Please confirm that you made the same assumption in your testimony in Docket No. R97-1, that "there would be no change in the space [i.e., Space Provision] and rental related [i.e., Space Support] costs associated with the decrease in Post Office Boxes in use" If you do not confirm, please explain.

- b. If the assumption stated in the quote above is no longer applicable to post office boxes in Docket No. R97-1, please explain what has changed in this docket to make the assumption no longer applicable.
- c. Please refer to Docket No. MC96-3, Appendix B, which shows the development of the cost adjustments resulting from proposed changes in fees for post office boxes. Please provide tables, in the same format as Appendix B, showing the development of the cost adjustments resulting from proposed changes in fees for post office boxes in Docket No. R97-1.

OCA/USPS-T15-10. Please refer to your response to OCA/USPS-T24-60, redirected to you by Witness Lion.

- a. Please confirm that the total of "All Other" costs will vary with the decrease in the number of post office boxes in the test year. If you do not confirm, please explain.
- b. Please confirm that the total of "Space Support" costs will vary with the decrease in the number of post office boxes in the test year. If you do not confirm, please explain.
- c. Please confirm that the total of "Space Provision" costs will vary with the decrease in the number of post office boxes in the test year. If you do not confirm, please explain.

OCA/USPS-T15-11. Please refer to your response to OCA/USPS-T24-60b, redirected to you by Witness Lion, where it states

For instance, the following changes occurred from Base Year 1996 to Test Year After Rates 1998 for components 1099 (Total Key of Space Components) and 1199 (Total Key of Rental Value Components):

Please confirm that the changes to the two distribution keys identified in the quote above are the only changes to distribution keys for post office boxes from the BY to the TYAR. If you do not confirm, please explain, provide the percentage change, the name and number of the component(s), and a citation for any components changed.

OCA/USPS-T15-12. Please refer to your response to OCA/USPS-T24-60b (redirected to you by witness Lion), and the following table, which shows the development of attributable "Space Support" costs for post office boxes in the TYBR.

FY98 TYBR ACCRUED AND ATTRIBUTABLE SPACE
SUPPORT COSTS 1/

COST SEGMENT AND COMPONENT	TOTAL ACCRUED (\$1,000)	ATTRIBUTABLE TO POST OFFICE BOXES (\$1,000)
	[1]	[2]
C/S 11.1.1 Cleaning and Protection	\$802,065	\$70,977
C/S 11.1.2 Contract Cleaners	\$53,401	\$4,726
C/S 11.3 Plant & Building Equipment Maintenance	\$389,346	\$34,454
C/S 15.2 Building Occupancy, Fuel and Utilities	\$428,502	\$37,919
C/S 16.3.1 Custodial & Building	\$1,407,999	\$124,598
C/S 18.1.2 Postal Inspection Service	\$360,277	\$7,254
TOTAL SPACE SUPPORT	\$3,441,590	\$279,928

Notes and Sources

1/ USPS-T-15, WP E, Table D, for the cost segments listed.

Please show how to derive the Test Year, After Rates (TYAR) Space Support costs for post office boxes using the components 1099 (Total Key of Space Components), 1199 (Total Key of Rental Value Components), and any other components necessary.

OCA/USPS-T15-13. Please refer to your response to OCA/USPS-T24-60b (redirected to you by witness Lion), and the following table, which shows the development of attributable "Space Provision" costs for post office boxes in the TYBR.

FY98 TYBR ACCRUED AND ATTRIBUTABLE SPACE
PROVISION COSTS 1/

COST SEGMENT AND COMPONENT	TOTAL ACCRUED (\$1,000)	ATTRIBUTABLE TO POST OFFICE BOXES (\$1,000)
	[1]	[2]
C/S 15.1 Building Occupancy, Rents	\$688,501	\$111,399
C/S 20.3 Bldg & Leasehold Depreciation	\$581,680	\$94,115
C/S 20.5 Interest Expense - Bldg & Leasehold (Component 215)	\$362,214	\$17,712
TOTAL SPACE PROVISION	\$1,632,395	\$223,226

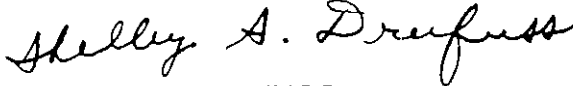
Notes and Sources

1/ USPS-T-15, WP E, Table D, for the cost segments listed,
except C/S 20.5 Interest Expense, see Table C, at 32.

Please show how to derive the Test Year, After Rates (TYAR) Space Provision costs for post office boxes using the components 1099 (Total Key of Space Components), 1199 (Total Key of Rental Value Components), and any other components necessary.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.


SHELLEY S. DREIFUSS
Attorney

Washington, D.C. 20268-0001
September 8, 1997